

## **MINUTES**

### **North Dakota State Water Commission Audio Conference Call Meeting Bismarck, North Dakota**

**January 28, 2005**

The North Dakota State Water Commission held an audio conference call meeting in the Governor's conference room, Bismarck, North Dakota, on January 28, 2005. Lt. Governor-Chairman, Jack Dalrymple, called the meeting to order at 10:45 AM, and requested State Engineer, and Chief Engineer-Secretary, Dale L. Frink, to call the roll. Lt. Governor Dalrymple announced a quorum was present.

#### **STATE WATER COMMISSION MEMBERS PRESENT:**

Lt. Governor Jack Dalrymple, Chairman  
Roger Johnson, Commissioner, North Dakota Department of Agriculture, Bismarck  
Charles Halcrow, Member from Drayton  
Larry Hanson, Member from Williston  
Elmer Hillesland, Member from Grand Forks  
Curtis Hofstad, Member from Starkweather  
Jack Olin, Member from Dickinson  
Robert Thompson, Member from Page  
Dale L. Frink, State Engineer, and Chief Engineer-Secretary,  
North Dakota State Water Commission, Bismarck

#### **STATE WATER COMMISSION MEMBER ABSENT:**

Harley Swenson, Member from Bismarck

#### **OTHERS PRESENT:**

State Water Commission Staff  
Matthew Sagsveen, Assistant Attorney General, Bismarck  
Dave Koland, Manager, Garrison Diversion Conservancy District, Carrington  
Lance Gaebe, Office of the Governor, Bismarck

The attendance register is on file with the official minutes.

The meeting was recorded to assist in compilation of the minutes.

**CONSIDERATION OF AGENDA**

There being no additional items for the agenda, Lt. Governor Dalrymple announced the agenda approved as presented.

**APPROVAL OF ADVANCE REFUNDING  
A PORTION OF OUTSTANDING WATER  
DEVELOPMENT TRUST FUND, WATER  
DEVELOPMENT AND MANAGEMENT  
PROGRAM BONDS, 2000 SERIES A  
(SWC Project No. 1907-02)**

The North Dakota Fifty-sixth Legislative Assembly, through the passage of Senate Bill 2188, established the Water Development Trust Fund and provided authority for the State Water Commission to issue up to \$84.8 million in appropriation bonds under provisions of

Senate Bill 2188. The Legislature's intent was to partially fund flood control projects at Grand Forks, Devils Lake, Wahpeton, and Grafton, and to continue funding for the Southwest Pipeline Project. In addition, 1999 House Bill 1475 devoted 45 percent of the state's tobacco settlement to the Water Development Trust Fund.

On March 8, 2000, the State Water Commission passed a motion approving the execution of documents required to satisfy the first bond sale related to the North Dakota Water Development Trust Fund Bond Program. Bonds were issued in the amount of \$32,095,000 on March 23, 2000 to provide funds needed during the 1999-2001 biennium for statewide water projects.

RBC Dain Rauscher, the State Water Commission's underwriter, has recommended that the State Water Commission consider an advance refunding of a portion of the outstanding \$32,095,000 Water Development Trust Fund, Water Development and Management Program Bonds, 2000 Series A. The outstanding callable bonds total \$20,340,000, and represents bonds maturing on August 1, 2011 through 2020. Those bonds are callable on August 1, 2010 at a price of par. An independent analysis of the feasibility of a refunding of the 2000 bonds was performed by Public Financial Management, Inc. (PFM), the State Water Commission's financial manager, and estimates that approximately \$780,000 could be saved over the life of the bonds. A memorandum prepared by PFM, dated January 21, 2005, is attached hereto as **APPENDIX "A"**, which provides an overview of the process of refunding tax-exempt bonds, discusses the criteria generally applied in order to determine the feasibility of a refunding, and summarizes the estimated results of the refunding based upon current market conditions.

It was the recommendation of the State Engineer that the State Water Commission approve an advance refunding of \$20,340,000 of the outstanding \$32,095,000 Water Development Trust Fund, Water Development and Management Program Bonds, 2000 Series A.

***It was moved by Commissioner Johnson and seconded by Commissioner Halcrow that the State Water Commission approve an advance refunding of \$20,340,000 of the outstanding \$32,095,000 Water Development Trust Fund, Water Development and Management Program Bonds, 2000 Series A.***

***Commissioners Halcrow, Hanson, Hillesland, Hofstad, Johnson, Olin, Thompson, and Lt. Governor Dalrymple voted aye. There were no nay votes. Lt. Governor Dalrymple announced the motion unanimously carried.***

***SOUTHWEST PIPELINE PROJECT -  
OPERATIONS BUDGET FOR 2005  
(SWC Project No. 1736)***

Under the Agreement for the Transfer of Management, Operations, and Maintenance Responsibilities for the Southwest Pipeline Project, the Southwest Water

Authority is required to submit a budget to the Secretary of the State Water Commission by December 15 of each year. The budget is deemed approved unless the Secretary of the Commission notifies the Authority of his disapproval by February 15. The Southwest Water Authority submitted its budget which was reviewed by the Commission staff. Secretary Frink explained that the budget is reasonable and adequate and, therefore, the budget and the proposed rates for 2005 are deemed approved. He commented that the Southwest Water Authority does an excellent job of budgeting and is a model for other regional water systems. A memorandum prepared by the Southwest Water Authority, dated November 23, 2004, and attached hereto as ***APPENDIX "B"***, describes the budget and the proposed rates for 2005.

The capital repayment and replacement and extraordinary maintenance rates for 2005 were approved by the State Water Commission on December 10, 2004. The September, 2004 Consumer Price Index was used to calculate the capital repayment rate for 2005. This resulted in a capital repayment rate of \$0.91 per thousand gallons for contract users and \$27.79 per month for rural users. These compare with the 2004 rates of \$0.89 per thousand gallons for contract users and \$27.07 per month for rural users. The water rate for replacement and extraordinary maintenance will remain the same as it has been since 1999 at \$0.35 per thousand gallons.

There being no further business to come before the State Water Commission, Lt. Governor Dalrymple adjourned the audio conference call meeting at 11:00 AM.

SEAL

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Jack Dalrymple, Lt. Governor  
Chairman, State Water Commission

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Dale L. Frink  
North Dakota State Engineer, and  
Chief Engineer-Secretary to the  
State Water Commission

